

# Railroads will bring back great projects

by Lorenzo Carrasco

For at least one faction of the Brazilian ruling elite, the decision to indefinitely suspend service payments on the foreign debt was necessary to re-start construction of the great infrastructure works which, since 1980 and under the crushing austerity of the "Volcker revolution," have either ground to a halt or been dismantled. The looting stalled, among other things, Brazil's immense nuclear project.

President José Sarney and his Finance Minister Dilson Funaro have declared that the first order of business after suspending debt payments would be renewed investments in infrastructure, science, and technology, in hope of recovering seven long years lost. One of the sectors that most suffered under International Monetary Fund policy was transportation, especially the rail integration plans. Transportation Minister José Reinaldo Tavares, one of President Sarney's closest collaborators, announced that construction of the North-South Railroad would begin in June. That railway will join the extreme north of the country with the central triangle composed of the key states of Sao Paulo, Rio de Janeiro and Minas Gerais.

## Integrating Brasilia

The North-South Railroad will fully integrate Brasilia, the capital which until now has been virtually isolated on the central plateau, with the rest of the country. Above all, it will integrate the agricultural and industrial production of the northern states of Amazonas, Pará, Maranhão, Santos and Rio de Janeiro, with the rail line crossing the industrial heartland. The 1500-kilometer North-South Railroad will hook up with another 900 kilometers of line, already finished, which joins the richest iron ore deposits in the world at Sierra de Carajás with the Itaquí port in São Luis Maranhão. With the completion of the railroad and its connections, the iron, strategic minerals, and agricultural production developed by the state company Vale de Rio Doce, will be joined with the major population centers, promoting further development in the south-central zone of Brazil.

At an estimated cost of some \$2 billion, the North-South Railroad is Brazil's first big investment in a general freight railroad in 40 years, according to statements by Transport Minister Tavares to the magazine *Senhor*. The decision is so

significant that it will, in one blow, reverse the policy of exclusively highway transport initiated under the "developmentalist" government of Juscelino Kubitschek, a policy carried to absurd lengths with the virtual slave-labor construction of the Trans-Amazon highway. Built under World Bank guidelines, the Trans-Amazon Highway achieved no useful economic purpose other than the deforestation of immense regions of the Amazon.

## Trucking unprofitable

Brazil, a continental country, cannot afford the luxury of basing its transportation on truck and trailer hauling over average distances of 1,000-2,000 km, when the profitability of this mode of transportation ends after a maximum of 200-300 km, according to Tavares.

Besides the North-South rail line, Tavares has also just announced an investment of \$400 million to reform and modernize existing railroads between Rio and Sao Paulo, including consideration of a French-styled "turbo-train," although for the moment, the minister believes that lack of funds makes the project unfeasible. "Later, in a second stage," he indicates, it will again come under consideration.

With an estimated three years' construction time, the North-South Railroad will revolutionize transport, reduce fleet costs, open up new lands for agriculture, make cheaper and more efficient the transport of minerals and other raw materials and, above all, will provide a healthy shaking up of the Brazilian economy.

